



भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA

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FREQUENTLY ASKED QUESTIONS CLOSURE TO NEW BUSINESS

Frequently Asked Questions – Closure to New Business

Q1. What does closing to new business mean?

A1. When an insurance company decides it does not want to have any more new policies it can advise its Regulators that it has taken this decision and then it has to implement a sequence of events agreed with them. Our Regulators in the United Kingdom are the Prudential Regulation Authority and the Financial Conduct Authority. As part of the Life Insurance Corporation of India we are also regulated by the Insurance Regulatory and Development Authority of India.

Q2. So how does this decision affect me as an existing policyholder?

A2. You won't have a different customer experience because of this. Your existing policy will continue on its terms and conditions unchanged, and you will still be able to contact us in all the usual ways.

Q3. Why did you take this decision as you have been there for us for so many years?

A3. We have a duty to balance the interests of policyholders, by ensuring that the premiums you pay to us stand the best chance of giving you good financial outcomes, and the interests of shareholders, by providing a reasonable return to them. The shareholders were bearing too great a share of the risks of managing the business.

Q4. So, am I going to be worse off because you will have fewer and fewer policyholders to pay for your operating expenses?

A4. No, we don't think so as the shareholder (The Life Insurance Corporation of India and the Government of India) is providing a subsidy on the expenses levied on policyholders. If we thought you were going to receive worse value, we would be obliged to explain this as part of our responsibilities under the FCA's Consumer Duty rules and guidance.

Q5. Will I receive better value for the premiums I have invested with you as you try to reduce your operating costs.

A5. Closing to new business should mean our costs reduce, but it is not likely to happen immediately. The outcome will depend upon the type of product you have with us.

For example, if you have a With – Profits type of product then there is a possibility that you will earn more when your policy matures than if we had stayed open to new business. This is because we may be able to distribute a greater portion of the with-profits surplus to existing policyholders than we would have done if we remained open to new business.

If you have a unit linked investment plan with us the returns will not vary because of this decision alone. If you have a protection policy with us, your benefits under the policy will not change.

In summary no policyholder will be worse off.

Q6. I took out an ISA with you this tax year and still have not invested my maximum amount for the year. Will I be able to do so?

A6. Yes, you will be able to pay into your ISA to reach the maximum allowable investment in the tax year because that is allowed by the ISA Plan terms and conditions set out by the Government. However, you will not be able to subscribe to new ISA policy, but under the existing ISA policy, you will be able to continue your regular premium within the ISA policy annual limits.

Q7. I have an existing Capital Investment Bond and want to pay more into it, can I do that?

A7. Under the existing Capital Investment Bond policy, you will be able to top up the premiums as per the terms and conditions, but it will not be construed as a new policy.

Q8. I am rather worried about your decision to close to new business so can I cancel my policy and go elsewhere?

A8. Of course you can surrender your policy. Please note though that if it is a with-profits or unit linked you will receive a surrender value. If you cancel a term assurance policy you will lose the life insurance cover completely. Before doing so please have a detailed discussion with one of senior managers as there a number of consequences of doing that which could cause you to suffer financial detriment. We will not put barriers in your way, and we have a Duty to ensure you fully understand how to achieve the best financial outcome for you.

Q9. I am not sure I have the ability to take this decision in, and I have difficult domestic circumstances to cope with as well. What should I do?

A9. There are a number of ways we can help you to manage these difficulties and we would very much want to do so by providing additional support to help you. Please do have a full conversation about this with us. You may contact us at 08000-685712 (free phone) or 02033726900 during the business hours (9 am to 5 pm, Monday to Friday) or email us at customer.service@liciuuk.com

Q10. Does this decision to close to new business mean you have run out of money, and this is the first step in a business liquidation?

A10. No, that is not the case. The UK operation is very solvent, and our eventual full closure will be carefully managed in every way. We are committed to delivering the best outcomes, we can, for our policyholders. As well as our own substantial surplus monies held in the UK, we are part of one of the largest insurance companies in the world who have capital to inject should it ever be needed.

Q11. How long do you think it will be before you have closed entirely in the UK.

A11. No decisions have been taken yet but it will not be in the near future. There are a number of ways it could happen. One is that another insurance company agrees to transfer all our policies into their business. Another approach is that we remain in business to manage the maturities, deaths and surrenders of all policies as and when they occur. We assure that interests of all the policyholders will be taken care of.

Q12. How do you intend to keep us informed and able to understand what is going on with our products and their benefits?

A12. We will be communicating developments with you, and we will welcome all feedback. Understanding your thoughts and concerns will be very important in enabling us to help you achieve your financial objectives. We will be able to establish feedback mechanisms for you on our website, but of course all other means of communication will be available too.

Q13. LICU UK will not be writing new policies and at the same time, many exits like maturities and claims will happen leading to shrinking of fund size. Will this make any impact on the returns to my existing policies?

A13. Our assets and fund size are such that we would be able to meet easily all our liabilities like maturities and any other payments.